

CITY OF OCEAN SHORES
Grays Harbor County, Washington
January 1, 1992 Through December 31, 1993

Schedule Of Findings

1. City Water Resources And Services Were Misappropriated

The audit of the financial records of the City of Ocean Shores revealed that \$2,067.38 in city water department resources and services was misappropriated by Mr. Edward Swaney, water plant operator, during the period January 1986 through November 1994. There were no federal funds involved in this case.

On December 8, 1994, city officials notified us of an employee theft of utility services from the water system. We reviewed the work performed by the city and agree with its findings and conclusion. These resources and services were misappropriated as described below.

During January 1986, Mr. Swaney connected his residence to the city water system without notifying the city water department. He did not subsequently pay the city for the receipt of water utility services. These costs included the hookup fee, the water meter, the basic water fee and water use fees. The amount of the loss from this misappropriation of resources and services was \$2,067.38. This loss was computed by using the 1986 meter cost and installation fee, the water fees charged at the rates in effect from January 1986 through November 1994 and a late fee for nonpayment of water utility services.

Mr. Edward Swaney's job responsibilities with the water department included the installation of water meters when residents hook up to the city water system. Mr. Swaney's employment with the city was ended with his resignation on January 6, 1995.

RCW 9A.61.020 states in part:

"Defrauding a public utility" means to commit, authorize, solicit, aid, abet, or attempt to:

(1) Divert, or cause to be diverted, utility services by any means whatsoever;

(2) Make or cause to be made, a connection or reconnection with property owned or used by the utility to provide utility service without the authorization or consent of the utility

RCW 9A.61.030 states:

(1) A person is guilty of defrauding a public utility in the first degree if:

(a) The utility service diverted or used exceeds one thousand five hundred dollars in value; or

(b) Tampering has occurred in furtherance of other criminal activity.

(2) Defrauding a public utility in the first degree is a class B felony.

RCW 9A.61.030 states:

(1) Felony. No person convicted of a classified felony shall be punished by confinement or fine exceeding the following . . .

(b) For a class B felony, by confinement in a state correctional institution for a term of ten years, or by a fine in an amount fixed by the court of twenty thousand dollars, or by both such confinement and fine

We recommend the City of Ocean Shores seek recovery of the misappropriated \$2,067.38 and related audit/investigation costs from Mr. Edward Swaney and its insurance bonding company.

Bond coverage for city employees is as follows:

City Insurance Association of Washington
Policy No. CT-94
\$250,000 Coverage Per Loss, With no Deductible Provision
January 1, 1992, Until Cancellation

We further recommend the Washington State Office of Attorney General and the Grays Harbor County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor as directed by RCW 43.09.260.